NATIONAL WATER RESOURCES ASSOCIATION "WATER FOR THE WEST'S FUTURE" 70TH ANNUAL CONFERENCE

REMARKS BY JOHN W. KEYS, III COMMISSIONER, BUREAU OF RECLAMATION

NOVEMBER 2, 2001 SALT LAKE CITY, UTAH

MISSION

- Water resources management is Reclamation's present and future
- Will work hard to make Reclamation successful in dealing with challenges of managing West's scarce water resources.
- ❖ Strong, supportive DOI team Secretary Norton, AS/WS, Solicitor
 - Secretary Norton's vision for Department of the Interior —includes strong support for conserving and maintaining our water resources
 - > Strong commitment to consultation, cooperation, and communication
- Top priorities
 - Operate and maintain projects in a safe and reliable manner, protecting health and safety of public and Reclamation employees
 - Ensure continued delivery of water and power benefits to public consistent with environmental and other requirements
 - ♦ Honor state water rights, interstate compacts, and contracts with Reclamation's users
 - Important role to play in meeting increasing demands for finite water resources in West
 - Work in partnership with states, tribes, water users, etc. to seek creative solutions
 - ◆ In near term be responsive to drought issues

- Exercise Reclamation authorities for emergency drought response, if necessary
- ◆ In longer term play appropriate, but important, role in meeting future water supply needs
 - Improve operational efficiency
 - Assist with water conservation measures and water recycling
 - Assist in contingency planning for drought
 - Increase water supply (in selected cases)
- ◆ Example -- Bridging the Headgate Partnership (NWRA, Reclamation, etc.)
- ❸ Enhance Reclamation's effectiveness in addressing complex water management issues in the West
 - Nurture Reclamation's people and work to form best team
 - Maintain current core of technical expertise and also build on it
 - Recruit quality young people with scientific, engineering, and organizational expertise
 - Keep working toward diverse and representative work force

PRINCIPLES OF DOING BUSINESS

- Guiding tenets
 - > I believe in the Bureau of Reclamation
 - I believe in state water rights
 - > Reclamation facilities are a valuable asset of the federal government
 - > I believe in Bureau of Reclamation people
- ❖ Goals
 - Develop strategies where water can be used more than one time satisfy multiple entities (irrigators, municipalities, power users, environmental interests) before that water gets to end user

- Leverage resources, work at collaborative problem solving, and develop long-term solutions
- Focus on contingency planning, especially in regards to endangered species
- Work with other federal agencies to meet applicable federal laws, regulations, and requirements (i.e., NEPA, ESA, Clean Water Act, etc.)
- Work with states on water allocations from Western rivers, and deal with rivers that may be over allocated
- Develop recycling technology and acceptance for waste water reuse
- > Act as source of technical advice for water users and planners
- Challenges
 - Maintain aging infrastructure
 - Continue water delivery for multiple uses
 - Provide power generation and other project benefits
 - Protect public safety
 - > Deal with power supply in West
 - ◆ Coordinate Reclamation power plants, power generation, and power marketing with other federal agency and private power plants
 - ◆ Meet project uses and power customer demands, and provide system reliability

SECURITY

- What Happened on September 11
 - > Significantly affected how Reclamation will do business in future
 - ➤ Caused implementation of emergency response program Occupant emergency plans, Continuity of Operations plans, Emergency Action Plans
 - > Overall response successful due to thoughtful preparation and planning throughout Reclamation
 - Washington Office employees most directly affected as employees were sent home

- > Reclamation assessing lessons learned and will make appropriate changes
- Commissioner on travel in Boise
 - ◆ Leadership in place in Washington made contact with him and Department.
 - ◆ Key staff proceeded to secure site outside Washington area
 - Once at relocation site, communications continued with Commissioner and other parts of Reclamation and DOI
- Reclamation's Continuity of Operations Plan
 - ◆ Allowed Reclamation to continue with little or no disruption
 - ◆ Laid out basic planning relocation sites and directions, orders of succession for key staff, basic procedures
- Many lessons learned about Continuity of Operations
 - Will be incorporated into our many plans to help us be better prepared for any future disaster or extreme events
 - Reclamation leadership should be commended for the way it followed set procedures, improvised as necessary, and basically followed common sense to not let this situation get beyond control
 - ◆ Fortunate Commissioner at one of Regional offices helped facilitate communications and oversee actions
- By September 12, beginning to get back to "normal operations"
 - Operations included increased security at most facilities
 - Responded well to necessary changes
 - Reclamation leadership communicated well amongst itself, and with many outside entities involved — DOI, FEMA, Corps, state and local agencies, law enforcement, etc.
- How did Reclamation respond?
 - Prior to September 11 attacks
 - ◆ Had security program in place for project facilities

- ◆ Had emergency management plans in place to deal with any incidents, including hazardous material spills into reservoirs or other water quality related problems
- Site security reviews completed at all dams and powerplants in past three years
 - Identified recommendations for enhancing securities at facilities
 - Implementation of highest priority recommendations completed, others underway
- Since September 11, Reclamation has maintained heightened level of security at all its facilities
- > All dams and reservoirs secure
- Surveillance of dams and reservoirs increased, access to facilities by road or by water restricted, and tours of dams and powerplants halted
- Visitor centers were closed but have since been re-opened with tighter security — still no tours

Praise for all

- > I was proud to be Reclamation's Commissioner during this crucial time
- All employees throughout Reclamation handled this crisis in a calm and highly professional manner
- Thanks to them, our operations continued and we were able to resume business as usual
- As the President has told us, this may last a long time, but I know that we will get through whatever comes along, and Reclamation will not fail in meeting the needs of our customers

Latest developments

- > Things continue to happen very quickly in whole security arena
- Law enforcement legislation has passed both House and Senate, waiting for President's signature
 - What it does not do
 - No guns
 - No new police force

- What it does
 - Allows us to contract for law enforcement
 - Other Feds, state, local, private
 - We can hire someone to enforce federal law on our lands
- ◆ With exception of Hoover Dam, Reclamation does not have authority to provide its own law enforcement or to contract with local and state law enforcement agencies to enforce federal laws on Reclamation projects
- Law enforcement personnel from other DOI agencies deployed to provide security and law enforcement at Reclamation projects
- Personnel tasked with protecting those facilities will receive their authority through a deputation agreement between DOI and U.S. Marshals Service
- Concern over protecting water quality at our projects
 - ◆ Interim guidance provided to regional and area offices on dealing with chemical, biological, and radiological water contamination incidents
 - Emphasizes need to communicate any such incidents immediately to proper public health and law enforcement authorities (includes an emergency contact list of such authorities)
- > Sent out short term guidance to Reclamation employees
 - Involves continuing emergency management actions in Reclamation
 - Stresses need to strengthen emergency action and continuity of operations plans
- Long term, Reclamation plans to undertake complete reevaluation of security program
 - Includes emphasis on systems plans to supplement individual "facility plans" already in place
 - Includes more detailed risk assessments at all high and significant hazard facilities
- For travel on Reclamation business, Secretary has indicated we should conduct business as normal, and that includes traveling like we normally would

For the future

- Highest priority will continue to be safety and security of the public, our employees, and our facilities
- Ongoing physical and cyber security efforts continuing and being reevaluated and re-aligned in view of September 11 attacks
- Focus on providing adequate security in near-term, rethinking and revising our risk assessments, planning and responses strategies, and assuring needed capital improvements to protect federal infrastructure
- Continue to evaluate our cyber security, particularly our SCADA (Supervisory Control and Data Acquisition) systems, web-based information, and protection of our networks
 - ◆ SCADA systems computer-based systems used by industry (including Reclamation) to remotely monitor and control facilities and equipment
 - ♦ Reclamation's SCADA systems
 - Used to control our hydroelectric generation facilities, waterways, pumping plants and dams
 - Generally allow safer and more efficient operation of facilities and equipment.
- We will do whatever is necessary to ensure that our projects continue to meet needs of our customers
- We've learned from this experience and feel we will be better prepared to handle any future incidents

WHAT'S NEW AROUND RECLAMATION

- ❖ New Washington Office Organization
 - Changes should allow affected offices to work better to support Commissioner and Reclamation
 - > Three functional areas
 - ◆ Line functions —day to day operation of our projects
 - Staff functions —policy, management and technical support for line functions
 - Political functions —external affairs of our organization

- > Once in place, will revisit changes in about six months
- ❖ Renewing relationships working with water users
 - Important to develop good relationships with constituent groups (e.g., NWRA)
 - Attend meetings to develop closer relationships (e.g., Family Farm Alliance, Colorado River Water Users, Association of California Water Agencies)
 - Participate in CAST (Catch a Special Thrill) and other similar public events
 - New Director of External Affairs
 - Environmental groups
 - ◆ Be pro-active in outreach efforts
 - ◆ Have representatives at national meetings (e.g., American Fisheries Society)

RECLAMATION'S BUDGET

- FY 2002 Appropriations
 - Conferees completed work this week on FY 2002 Energy & Water Appropriations bill
 - > Should go to the President for signature soon
 - Will continue to operate under short-term funding (continuing resolutions) until signed

Overall

- > FY 2002 bill overall includes \$878 million for Reclamation (\$833 million net of the CVP Restoration offset of \$45 million)
- > FY 2002 funding level is +\$85 million from FY2001 Enacted (NOTE: It also +\$95 million from FY 2002 President's Budget request)
- Water & Related Resources
 - ➤ Bill provides \$763 million for Water & Related Resources account
 - ➤ This is +\$84 million from FY 2001 Enacted and +115M from the President's FY 2002 Budget

- > Funding increases include:
 - Accelerating funding for certain projects
 - Several new studies and construction projects (e.g., rural water and water recycling)
 - Increased funding to meet environmental/ESA requirements
- Increases are spread out over most of the Western states, which I believe demonstrates broad support for Reclamation program
- ➤ Bill fully funds the President's request for facility operation, maintenance, and rehabilitation including dam safety

California Bay/Delta

- ➤ In lieu of funding the President's request of \$20 million for California Bay/Delta Restoration account:
 - ◆ Conferees provided \$30 million for authorized Bay/Delta activities in Water & Related Resources
 - Meeting the President's priorities plus \$10 million for storage, conveyance, and water use efficiency/water transfer

Other accounts

FY 2002 bill fully funds Administration's request for Reclamation's other accounts (Policy & Administration, Loan Program, and CVP Restoration fund)

Security Funding

- ➤ P.L. 107-38 authorized \$40 <u>billion</u> in emergency funding to address events of September 11
- ➤ Legislation breaks up the \$40 billion into three pieces:
 - ◆ \$10 billion at discretion of the President
 - ◆ \$10 billion requiring 15-day advance notice to Congress
 - ◆ \$20 billion to be appropriated by Congress following request by the President
- On October 17, the President requested \$30.3 million for emergency spending to increase security and enhance preparedness against possible terrorist attack at Reclamation facilities as part of the \$20 billion piece

- Congress expected to take up \$20 billion Administration proposal soon, probably attached to Defense Appropriations bill
- Reclamation already spending money to ensure that Reclamation protects its facilities during these extraordinary times
- Extremely important that Reclamation get support for this funding to ensure that we minimize impact on other activities
 - Several large questions:
 - How much is enough?
 - How do we fund?
 - Is the money reimbursable?

TERMS OF CONTRACTS POLICY CHANGE

- ❖ 25-year maximum term of contract policy repealed
 - > 1993 policy limited term of new or renewed long-term contracts to 25-year maximum
 - ◆ There was no input or notice to water users
 - ♦ Changed way we had been doing business since 1902
 - > 1997 follow-up guidance allowed opportunity for longer term if certain principles/conditions were committed to in the contract, such as:
 - Water conservation
 - Initiatives to facilitate water transfers
 - Indian trust assets protection
- ❖ What we found from a financial view:
 - Burden to water users (particularly SOD contracts)
 - > Did not always provide maximum return from water users
- Returning to policy prior to 1993
 - Now long-term contracts will be negotiated for maximum term permitted by executing authority (generally up to 40 years)

- Regional Directors are authorized to modify existing approvals and delegated authorities to negotiate for longer-term contracts not yet executed
 - a Reviewing shortage language not boiler-plate like it was
 - b Reviewing water conservation provisions
 - c Reviewing requirements for 5-year review

KLAMATH SITUATION

- Reclamation fully committed to finding solutions to Basin's water supply problems
- On-going efforts by Reclamation and DOI to develop collaborative long-term solutions
 - Long-term operations planning
 - Long-term planning to enhance water supplies
 - Drought response efforts
 - Emergency compensation to local farmers
- Met BO requirements this past summer
- ❖ NOTE: One thing we have found out, the state water rights that we depend on have let us down. The lack of completion of adjudication has left the 220,000-acre Reclamation Project to bear the brunt of all irrigation in the Basin.
- ❖ New Biological Assessment for future long-term Project operations prepared outlines impacts of operations on endangered species there <u>out mid-November</u>
- DOI has engaged National Academy of Science
 - Will review scientific basis for ESA requirements used in this year's operation of project
 - ➤ Interim report in January 2002
 - > Findings will be public early next year
- Actions taken to help reduce impacts caused by drought and implementation of existing BOs

- Conducted pilot program where 162 farmers and ranchers received \$2.76 million to idle irrigable land reduced water demand by about 38,000 acre-feet
- Reclamation now providing water to the Tule Lake and Lower Klamath National Wildlife Refuges to benefit waterfowl and wintering bald eagles with help of PacifiCorp, Basin farmers, and local irrigation districts
- Small Business Administration made low interest loans available in affected Oregon and California counties to offset economic losses because of reduced revenue from farmers and ranchers
- Reclamation coordinated fast-track ground-water development to help augment supplies, in partnership with Oregon Water Resources Department, California Department of Water Resources, and California Governor's Office of Emergency Services
- Department of Agriculture disbursing \$20 million in aid for eligible landowners in Basin
- ❖ Klamath Basin Water Supply Enhancement Act (Public Law 106-498) enacted fall 2000
 - Charges Reclamation with finding ways to enhance and improve water supply situation in Basin
 - Reclamation actively proceeding with studies and will provide the results to Congress for consideration and possible action
 - > Water supply enhancement projects include:
 - ◆ Developing ground water
 - Increasing water storage
 - Improving water quality
 - Implementation will help improve reliability of irrigation supply to Project, thus providing for stable agricultural economy while increasing protection for listed species
- Klamath illustrated problem of Reclamation's lack of law enforcement authority
 - > Had no authority to enforce trespass on our land
 - > Local authorities refused to act on our behalf

CALFED

- Cooperative federal/state effort in California to resolve long-standing water issues remains priority for Reclamation
 - More than 20 state and federal agencies working with local communities to improve quality and reliability of California's water supplies and revive San Francisco Bay-Delta ecosystem
 - CALFED strategic plan is largest, most comprehensive water management effort in the nation
- Moving ahead with:
 - > Studies to raise Shasta Dam
 - Create new off-stream storage reservoir in Northern California Sites Reservoir
 - Long range plan to enlarge Friant Dam and Millerton Reservoir on the San Joaquin River
- ❖ AS/WS Raley is new federal lead for CALFED
- ❖ New 28-member Bay-Delta Public Advisory Committee formed in late October
 - Represents virtually all areas of state and variety of environmental, water, Tribal, and community interests
 - ➤ Asked to serve at least for first phase of CALFED program (ends in 2007)
 - Will advise state and federal agencies on implementation of unique plan to improve state water supplies and health of Bay-Delta ecosystem
 - > First meeting on December 5 in Sacramento

GLEN CANYON COST REALLOCATION

- ❖ Grand Canyon Protection Act of 1992 directs Secretary "in consultation with the Secretary of Energy, to reallocate the costs of construction, operation, maintenance, and emergency expenditures for Glen Canyon Dam among the purposes directed in Section 1802 of this Act and the purposes established in the Colorado River Storage Act of April 11, 1956"
- ❖ Reclamation developed draft reallocation prepared to:
 - Initiate detailed consultation with Western Area Power Administration (Western)

- > Implement reallocation results
- Original cost allocation of Colorado River Storage Project (CRSP) Glen Canyon and three other storage units
 - Derived from overall allocation of CRSP.
 - Costs currently allocated to Glen Canyon dependent on costs and benefits associated with other units at time of allocation
 - > To reallocate costs in this manner would require 5-10 years of extensive technical analysis, agency coordination, and public participation
- To comply with Act in more timely manner, Reclamation adopted a two-phase effort:
 - ➤ <u>Interim reallocation</u> would be completed, focused solely on Glen Canyon
 - Over longer term, <u>comprehensive reallocation of CRSP</u> would be completed to recognize not only operational changes at Glen Canyon, but also anticipated changes at other units
- Draft interim allocation completed in December 1999
 - > Difficult to pre-judge results of comprehensive reallocation of CRSP, i.e., what financial consequences to power users and U.S. might be
- ❖ CRSP reallocation will likely require Congressional action for implementation

ANIMAS LA-PLATA

- ❖ Milestone reached on Animas-La Plata Project after more than a decade
 - ➤ I signed official memorandum October 30
 - Authorizes Rick Gold, UC Regional Director, to begin construction effective November 9
 - Activity contingent upon all construction prerequisites being fulfilled and adequate funding availability
- Personal goal to complete project on time and within budget (along with Rick Gold - RD; Carol DeAngelis - AM, and Pat Schumacher - PM)
- ❖ Colorado Ute Settlement Act Amendments of 2000 (P.L. 106-554)
 - Clearly defined how Reclamation would carry out wishes of Congress:

- ◆ Appropriate all funds over a 5-year period
- Complete construction in 7 years.
- Project has full support of Administration Secretary and AS/WS have pledged continued support to make available, to extent possible, resources needed to get job done
- Projects such as this rely on continuous work, support, and general tenacity of many
 - Southern Ute Indian Tribe and Ute Mountain Ute Tribe are to be commended for enduring patience and spirit of cooperation in settlement of their Indian water rights
 - Combined efforts invaluable
 - ◆ States of Colorado and New Mexico
 - ◆ San Juan Water Commission
 - ◆ Animas-La Plata Water Conservancy District
 - ◆ La Plata Conservancy District
 - ♦ Navajo Nation
 - Working together, we will be successful in completing project on time and within budget

HYDROPOWER OVERLOOK

- National Energy Policy Development Group
 - Recommends the President direct Secretary of the Interior to optimize efficiency and reliability of existing hydropower facilities
 - > Reclamation responses and actions:
 - ◆ Turbine Runner Replacement
 - Turbine runner is part of machinery that water pushes against to turn generator rotor and create power/energy
 - Runners wear down with age and efficiency can drop up to 5+ percent

- Design advances made in past decade allow for efficiency increases of 3-5 percent
 - For older plants, replacement will allow output increases by as much as 10 percent
 - For newer plants, probably 3-4 percent
- Opportunities for customer financing will be explored and marketed
- Replacements underway at Shasta, Yellowtail, and Grand Coulee
 - At least 2 of 18 replacements at Grand Coulee scheduled each year
 - New turbines at Shasta will increase capacity by 50 MW
- Work underway to establish Reclamation-wide criteria to identify economically viable candidates elsewhere
- Parker, Davis, New Melones, Judge Francis Carr, and Glen Canyon have programmed replacement studies for FY 2002 and 2003
- Generator Rewinds and Uprates
 - About 1/3 of Reclamations generators could produce more electricity from replacing aging windings inside generator
 - Often can be substantial increases in capacity by installing windings using modern insulation technology
 - Energy potential site-specific, but power increases of 5-10 percent expected
 - Rewinds could be customer funded
 - Shasta just completed rewinding its units for a net capacity increase of 110 MW
 - Other rewinds occurring this year and more scheduled in coming years
- ◆ Operational review of powerplants with capacity of greater than 50 MW
 - Efficiency and water schedules of each powerplant should be reviewed
 - Potential efficiency increases will be predicted

- Additional flexibility in water schedules will be determined
- New operational equipment to analyze and optimize operations can be installed
- In the UC Region, new Supervisory Control and Data Acquisition System at Glen Canyon will include optimization features
- High Voltage Generator (Powerformer)
 - Reclamation is assessing viability of "Powerformer" technology at its powerplants
 - Powerformer technology generates power at high voltage, eliminating need for transformer and unit circuit breaker
 - Not cheap incremental additional costs of replacing aging generator windings, unit breaker, and unit transformer with Powerformer estimated at \$1.5 million for a 70 MW unit at Folsom Powerplant
- Peak Load Management
 - Reclamation will continue to facilitate shifting of project power loads for water deliveries from on-peak to off-peak periods
 - Will allow more power deliveries during on-peak periods

Adaptive & Collaborative Management Benefits

- Reclamation has discovered adaptive management process works very well through Glen Canyon Dam Adaptive Management Program, Colorado River Recovery Implementation Program, and San Juan River Recovery Implementation Program (all in UC Region)
- Adaptive management is collaborative process that keeps all parties talking in search for solutions
 - May be means to avoid future "Klamath" breakdowns in process and actions
 - ➤ Iterative process where resource managers, stakeholders, and scientists come together in experimental framework to make recommendations on management actions intended to benefit identified resources
- ❖ Four common elements to successful adaptive management program:
 - > All stakeholders involved throughout process

- > Experimentation takes place
- Solid monitoring and research program
- Peer review of experimentation, monitoring, and research program
- ❖ Adaptive management not shortcut to appropriate NEPA compliance
 - Compliance takes place when work is proposed that is "outside of the box" of Glen Canyon Dam Record of Decision
 - Generally, an Environmental Assessment
- Financing adaptive management is tricky issue
 - While responsibility may fall to one of partners in process, it is also true that Congress pays attention to collaborative processes that provide solutions and not problems
 - Congressional support for Colorado Recovery Implementation Program is terrific example of its reaction to states, federal government, and private interests coming together
- Adaptive management can lead to change risk if not comfortable with possibility of change
- Major benchmarks for Glen Canyon Adaptive Management in coming year
 - ➤ Approve the Strategic Plan in process for over a year
 - ◆ Adaptive Management Work Group (federally chartered Advisory Committee to the Secretary) will recommend plan to the Secretary at January 2002 meeting
 - ◆ Will provide overall goals and targets for much of program —bringing objectives of Glen Canyon Dam EIS and ROD to life
 - > Prioritize monitoring and research programs
 - > Directly address emerging scientific information now coming forward
 - Has been experimentation and research taking place since 1996, with data now becoming available and understood
 - Question of what to do with that information before Adaptive Management Work Group, Reclamation, and the Secretary

RECLAMATION'S CENTENNIAL CELEBRATION

- ❖ Reclamation turns 100 June 17, 2002 our slogan is "A Century of Water for the West"
- We will spend entire year commemorating our Centennial —June 17, 2002 -June 17, 2003
 - Reclamation's varied offices will be able to celebrate during seasons and on anniversaries relevant to each office
 - ➤ Big birthday party planned for June 17, 2002, (day Reclamation becomes 100 years old) at Hoover Dam
 - Our partners and stakeholders, as well as all Reclamation employees will be invited to participate
- ❖ June 18-19, 2002 will have Bureau of Reclamation History Symposium at University of Nevada - Las Vegas — open to all
- ❖ Website dedicated to Centennial www.usbr.gov/centennial/
 - Not active until about 2002
 - Will list activities at various offices that are open to the public
- Publishing history of Reclamation's Hydropower Program available by June 17, 2002
- Will have Traveling Exhibit
- Address questions to Reclamation staff here at NWRA meeting or contact local Reclamation office or Brit Storey in Denver at (303) 445-2918

RECLAMATION, NWRA, AND THE FUTURE

- Long standing relationship with NWRA
 - NWRA one of our major partners and supporters
 - > Let's renew our relationship and make it better
 - > NWRA will be major player in our Centennial celebrations
- ❖ Water problems today more often contentious and difficult to resolve
 - Reclamation needs support of partners like NWRA to find solutions for common good

- Reclamation's been working at all levels with all entities in honest effort to resolve issues
 - Working with California entities on plan to reduce CA's Colorado River water use eventually
 - ◆ Involved in negotiations to try to help resolve AZ's water needs, for Indian tribes and for rest of state, in global settlement effort
 - Major effort to restore Salton Sea
 - Trying to find a way to meet water needs of Colorado River Delta in Mexico — very difficult and contentious issue
- ➤ Hopefully, efforts such as these will help avoid another Klamath
- Help us spread message of what needs to be done and how difficult it is to do it
- ❖ Need patience, cooperation, and willingness to look at the world in a new light to address current and future water resource issues facing the West
- Together we can get the job done, and get it done right